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The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819
BOSTON 02108

A. JOSEPH DeNUCCI
AUDITOR

(617) 727-6200

NO. 87-1166-1

STATE AUDITOR'S
REPORT ON THE ACTIVITIES
OF THE
SPRINGFIELD DIVISION -
DISTRICT COURT DEPARTMENT
JULY 1, 1986 TO DECEMBER 31, 1986

GENERAL

GOVERNMENT DOCUMENTS
0-1450-101

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OFFICIAL AUDIT REPORT

SEP 29 1987

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GENERAL

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The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DENUCCI
AUDITOR

TEL. (617) 727-2075

AUDITOR'S TRANSMITTAL LETTER

Honorable George Bregianes, First Justice
Springfield Division - District Court Department
50 State Street
Springfield, Massachusetts 01103

Dear First Justice Bregianes:

We have completed a review of the financial activities of the Springfield Division - District Court Department for the period July 1, 1986 to December 31, 1986, as listed in the Table of Contents.

The purpose of our review was to determine whether the court's accounting and operating procedures are being executed in accordance with the basis of accounting prescribed by the Commonwealth of Massachusetts. As described in the Notes to Financial Activity, No. 1, this basis differs in certain respects from generally accepted accounting principles. Accordingly, the financial activities referred to in the first paragraph are not intended to present the court's financial activities in conformity with generally accepted accounting principles.

Our review consisted of the following procedures:

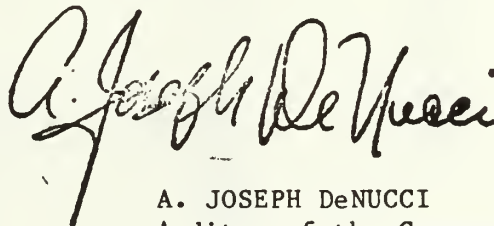
1. Study and evaluation of internal accounting controls to assist us in determining the nature, timing, and extent of our review procedures, as well as to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. For the purpose of our review, we have classified the significant internal accounting controls in the following categories:
 - a. Cash receipts and disbursements
 - b. Expenditures under appropriation
 - c. Payroll
 - d. Inventory and equipment

Our study and evaluation included all of the control categories listed above.

2. Review of the financial records and transactions to evaluate their completeness, accuracy, and conformance with the Commonwealth's basis of accounting.
3. Other review procedures, including tests for the court's compliance with applicable laws and regulations that may have a material effect upon the status of financial activity.
4. Follow-up of previous audit findings to determine if corrective action has been taken (see Supplementary Information No. 2, page 10).

Our review did not reveal any improprieties or material weaknesses relating to the court's financial activities for the period July 1, 1986 to December 31, 1986.

The accompanying supplementary schedules are presented for purposes of additional analysis. Such information has been subjected to the same auditing procedures applied during our review of the basic financial activity, and our review revealed nothing that caused us to believe that any improprieties existed.

A handwritten signature in dark ink, reading "A. Joseph DeNucci". The signature is fluid and cursive, with the first name "A." and last name "DeNucci" clearly legible.

July 8, 1987

A. JOSEPH DeNUCCI
Auditor of the Commonwealth

STATUS OF FINANCIAL ACTIVITY

No. I

Status of Expenditures under Appropriation

July 1, 1986 to December 31, 1986

Appropriation
Account No. 0332-3500

SUBSIDIARY CLASSIFICATION	OBLIGATION CEILING	EXPENDITURE CEILING	PRE- ENCUMBRANCES	ENCUMBRANCES	EXPENDITURES	ADVANCES	UNCOMMITTED BALANCE	UNEXPENDED BALANCE
Salaries -- Permanent	\$2,624,334	\$2,624,334	-	-	\$1,312,896	-	\$1,311,438	\$1,311,438
Food for Persons	6,278	6,278	-	\$ 5,722	556	-	-	5,722
Clothing	2,590	2,590	-	2,590	-	-	-	2,590
Maintenance -- Repairs, Replace- ments, and Alterations	9,501	9,501	-	-	2,141	-	7,360	7,360
Office and Administrative Expenses	79,428	79,428	-	25,138	13,510	\$19,050	40,780	46,868
Rentals	41,453	41,453	-	-	5,372	-	36,081	36,081
TOTALS FOR COURT	<u>\$2,763,584</u>	<u>\$2,763,584</u>	<u>-</u>	<u>\$33,450</u>	<u>\$1,334,475</u>	<u>\$19,050</u>	<u>\$1,395,659</u>	<u>\$1,410,059</u>

The accompanying notes are an integral
part of the status of financial activity.

No. IIStatus of Receipts Account of Income

July 1, 1986 to December 31, 1986

<u>REVENUE CLASSIFICATION</u>	<u>ACTUAL RECEIVED</u>	<u>TOTAL ESTIMATE</u>	<u>DIFFERENCE</u>
General Court Revenue	<u>\$177,520</u>	<u>\$190,910</u>	<u>\$(13,390)</u>

The accompanying notes are an integral part
of the status of financial activity.

NOTES TO FINANCIAL ACTIVITY

1. Significant Accounting Policies

According to Chapter 7A, Section 7, of the General Laws, as amended, the State Comptroller is responsible for the Commonwealth's accounting system. The Comptroller establishes and maintains funds as authorized or mandated by the various provisions of the General Laws. The State Treasurer, a constitutional officer, has custody of and manages the Commonwealth's cash and investments.

The financial activity in this report refers to specific accounts within the Commonwealth's fund structure. The Springfield Division - District Court Department is required to follow the accounting and financial reporting policies prescribed by the Commonwealth. These policies differ in certain respects from generally accepted accounting principles as applicable to governmental units. The following is a summary of the Commonwealth's significant policies as they pertain to the Springfield Division - District Court Department.

Basis of Accounting: The Springfield Division - District Court Department uses a limited accrual basis of accounting. Receipts are recognized when received, and expenditures, with the exception of year-end encumbrances, are recorded on a cash basis. At the close of the fiscal year, all encumbrances (expenditure commitments) against maintenance appropriation accounts are recorded as expenditures. The Office of the Comptroller considers these encumbrances as accounts payable, which, if not expended, will revert to the Commonwealth on December 31.

The Commonwealth's accounting system requires state agencies to expense, rather than capitalize, purchases of fixed assets.

2. Encumbrances Outstanding

The Commonwealth's present encumbrance system requires that all predictable obligations, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded, must be encumbered (reserved) by the spending agency and recorded on the records of the Office of the Comptroller. This encumbrance feature allows a spending agency to effectively plan the utilization of available funds as well as to control the expenditure of obligated funds. As of December 31, 1986, the court has encumbrances outstanding totalling \$33,450. Because encumbrances are an extension of the budgetary process, they do not constitute liabilities or expenditures. Therefore, the above total should not be recognized or construed as liability to or expenditure of the court at this time (see Note No. 1).

3. Massachusetts Management Accounting and Reporting System (MMARS) Terminology

As a result of the new Massachusetts Management Accounting and Reporting System (MMARS), certain terminology has changed on financial reports. The following terms are used on the Status of Expenditures under Appropriation report:

- o Obligation Ceiling: Total appropriation for agency
- o Expenditure Ceiling: Total allotment of obligation ceiling to date
- o Pre-Encumbrances: Amount reserved for "03" and "07" service contracts, purchase of EDP services, and purchase of EDP goods or a goods/service package
- o Encumbrances: Amounts reserved for all other expenditures that are not initially pre-encumbered
- o Expenditures: Amount of Expenditure Ceiling actually spent on goods and services
- o Advances: Amount available for expenditure prior to detailed vendor and expense information being known

- o Uncommitted Balance: Obligation Ceiling minus Pre-Encumbrances, Encumbrances, and Expenditures
- o Unexpended Balance: Expenditure Ceiling minus Expenditures and Advances

4. Variances between MMARS Reports and Actual Revenues and Expenditures

The financial data appearing on the Status of Receipts Account of Income were compiled from the court's records because MMARS revenue reports were not available.

The Status of Expenditures under Appropriation is based on the MMARS Report 341A. Financial data appearing in this report differ from the court's records:

	<u>Per Court's Records</u>	<u>Per MMARS Records</u>	<u>Variance</u>
Encumbrances	\$ 18,462	\$ 33,450	\$ (14,988)
Expenditures	1,335,662	1,334,475	1,187
Advances	-	19,050	(19,050)
Uncommitted Balance	1,409,458	1,395,659	13,799
Unexpended Balance	1,409,458	1,410,059	(601)

5. Certain Unaudited Administrative Expenses

The Status of Expenditures under Appropriation does not include the following administrative expenses of the Springfield Division - District Court Department for the period July 1, 1986 to December 31 1986 that were paid from appropriations made available to the Trial Court of Massachusetts:

<u>Account Number</u>	<u>Title</u>	<u>July 1, 1986 to December 31, 1986</u>
0330-0400	Contractual Services	\$34,456
0330-2600	Travel	5,000
0330-2700	Advertising and Printing	13,411
		<u>\$52,867</u>

SUPPLEMENTARY SCHEDULES

Schedule No. IClerk-Magistrate's OfficeCash Receipts, Transfers, and Refunds

July 1, 1986 to December 31, 1986

	<u>Balance</u> <u>July 1, 1986</u>	<u>Receipts</u>	<u>Transfers</u> <u>and Refunds</u>	<u>Balance</u> <u>December 31, 1986</u>
Commonwealth Funds:				
Income	-	\$ 385,259	\$ 385,259**	-
Advance Monies	\$ 100	10,100	10,100***	\$ 100
Total Commonwealth Funds	<u>\$ 100</u>	<u>\$ 395,359</u>	<u>\$ 395,359</u>	<u>\$ 100</u>
Custodial Funds:				
Municipal Funds	-	\$ 406,280	\$ 406,280	-
Rail Funds	\$250,319	348,154	326,897	\$271,576
Entry Fee	-	16,884	16,695	189
Appeals	-	3,891	1,189	2,702
Total Custodial Funds	<u>\$250,319</u>	<u>\$ 775,209</u>	<u>\$ 751,061</u>	<u>\$274,467</u>
Total Commonwealth and Custodial Funds	<u>\$250,419</u>	<u>\$1,170,568</u>	<u>\$1,146,420</u>	<u>\$274,567*</u>
*Analysis of Balance:				
Cash on Hand			\$ 100	
Cash in Banks:				
Checking:				
Bank of New England - West		\$264,738		
In Custody of State Treasurer:				
Bank of Boston		<u>9,729</u>	<u>274,467</u>	
			<u>\$274,567</u>	
**Transferred to State Treasurer:				
Court Revenues			\$177,520	
State Highway Fund			106,154	
Marginally Indigent Program			10,455	
Victim-Witness Assistance Fund			76,288	
Civil Action Surcharges			<u>14,842</u>	
			<u>\$385,259</u>	
***Analysis of Advance Monies:				
Local Cash Disbursements - Postage			<u>\$10,100</u>	

Schedule No. IIProbation OfficeCash Receipts, Transfers, and Refunds

July 1, 1986 to December 31, 1986

	<u>Balance</u> <u>July 1, 1986</u>	<u>Receipts</u>	<u>Transfers</u> <u>and Refunds</u>	<u>Balance</u> <u>December 31, 1986</u>
Fines and Court Costs	\$34,508	\$ 148,379	\$ 146,449**	\$36,438
Restitution	2,196	101,016	98,922	4,290
Nonsupport	4,469	568,194	558,020	14,643
Victim-Witness Fee	1,089	33,219	32,807	1,501
Bar Advocate Fee	978	9,369	9,130	1,217
D.U.I.L. - Other	510	57,815	56,545	1,780
Reciprocal Support	3,230	457,150	456,286	4,094
	<u>\$46,980</u>	<u>\$1,375,142</u>	<u>\$1,358,159</u>	<u>\$63,963*</u>

*Analysis of Balance:

Cash in Bank:

Checking:

Bank of New England - West

\$33,459

In Custody of State Treasurer:

Bank of Boston

30,234\$63,693

Unlocated Variance

270\$63,963

**Transferred to Clerk-Magistrate's Office for further processing

SUPPLEMENTARY INFORMATION

1. Exit Conference

At the conclusion of this audit, a draft of this report was given to and reviewed by the Honorable George Bregianes, First Justice; Robert F. Fein, Clerk-Magistrate; and Joseph M. Faucette, Chief Probation Officer.

2. Follow-up of Previously Reported Deficiencies

The following action has been taken to correct deficiencies cited in our prior audit report (No. 85-1166-6):

- o Bail in Default Not Forfeited: During our review, our audits indicated improvement has been made to substantially reduce bail in default status. Internal procedures for monitoring bail accounts have been established. The disposition status of each default is periodically reviewed by the Clerk's Office staff and accordingly reported for remedial action.
- o Bail Recognizance Forms Not Located: Our current audit tests indicated that recognizance forms (source documents for bail received) were systematically filed and retained for future reference and case disposition.
- o Timely Filing of Motor Vehicle Violation Abstracts: We found that the court is filing abstracts of motor vehicle violations in a timely manner.
- o Unremitted Partial Payments of Fines and Court Costs: During our prior review of the Probation Office, we found that partial payments of fines and court costs were being retained in probation accounts for extended periods of time. During our current review, our tests indicated timely remittance of partially paid fines and court costs being made to the Clerk-Magistrate's Office.
- o Outstanding Checks Being Carried for More than One Year: The prior report noted outstanding checks being carried in the Probation Office's reconciliation process for more than one year. During the current period, we found this deficiency to be corrected.

ORGANIZATION

December 31, 1986

Chapter 478 of the Acts of 1978 reorganized the Commonwealth's judicial system by consolidating the administration of the various courts of trial jurisdiction.

The Chief Administrative Justice is the administrative head of all the departments of the Trial Court, and the Supreme Judicial Court has general superintendence over the entire judicial system.

As of December 31, 1986, the Supreme Judicial Court and the Springfield Division - District Court Department were organized as follows:

<u>Supreme Judicial Court:</u>	<u>Date of Appointment</u>
Chief Justice:	
Honorable Edward F. Hennessey	January 7, 1976
<u>Trial Court of Massachusetts:</u>	
<u>Office of the Chief Administrative Justice:</u>	
Chief Administrative Justice:	
Honorable Arthur M. Mason	August 11, 1978
Administrator of Courts for the Trial Court:	
Henry L. Barr, Esq.	October 4, 1978
Manager of Fiscal Affairs:	
John J. Morrissey	January 1, 1980
<u>District Court Department:</u>	
Administrative Justice:	
Honorable Samuel F. Zoll	July 1, 1978
Administrative Justice - Region IV:	
Honorable Andre Gelinas	March 10, 1980
<u>Springfield Division:</u>	
First Justice:	
Honorable William T. Walsh*	February 6, 1975
Clerk-Magistrate:	
Robert E. Fein	May 1, 1973
Chief Probation Officer:	
Joseph M. Faucette	May 1, 1977

*Justice George Bregianes appointed First Justice effective March 1, 1987.

The Springfield Division - District Court Department administrative offices and courtroom facilities are located at 50 State Street, in the city of Springfield. These facilities are leased from the county of Hampden on an annual rental basis. Section 1 of Chapter 218 of the General Laws restricts this court's territorial jurisdiction to the city of Springfield and the towns of Agawam, East Longmeadow, Longmeadow, and West Springfield.

As required by Chapter 218, Section 16, of the General Laws, as amended, the Clerk-Magistrate is bonded in the amount of \$20,000.

To protect the Commonwealth against possible losses and to take advantage of the savings possible through centralized procurement, the Office of the Chief Administrative Justice purchased a \$50,000 per loss blanket bond to cover all employees not required by law to be bonded.

